

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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April 10, 2001

FROM: **WILLIAM H. RANDOLPH**
County Administrative Officer

**SUBJECT: APPROVE THE ESTABLISHMENT OF A CENTRAL CONTRACTS UNIT;
DISCUSS ORGANIZATIONAL PLACEMENT OF THE UNIT & PROVIDE STAFF
DIRECTION; ESTABLISH CLASSIFICATION OF CHIEF OF CONTRACT
ADMINISTRATION; AUTHORIZE APPROPRIATION AND POSITION
TRANSFERS AS NEEDED**

RECOMMENDATION:

1. Approve the establishment of a central Contracts Unit; Discuss and direct staff regarding organizational placement of the unit.
2. Establish the classification of Chief of Contract Administration, Exempt, Group C, and approve Range 70 as a Minute Order Amendment to the Salary Ordinance.
3. Authorize appropriation and position transfers as necessary to effectuate Board direction.

BACKGROUND INFORMATION: The Procurement and Contracting Working Group was established by the CAO in June 1999. The group was tasked with bringing recommendations to the Board of Supervisors and County Administrative Officer to ensure adequate and appropriate control and efficient and effective practices. Last year, the working group reported its key recommendations to the Board, one of which was the establishment of a centralized contract unit (CCU). During the FY 2000-01 budget process, the Board appropriated \$237,000 to the CAO for half-year funding of the CCU. This proposed action establishes the classification of Chief of Contract Administration and seeks Board direction regarding placement of the unit within the County organization. Depending on Board direction, appropriation and position transfers may be necessary.

The Contracting Process

The County currently uses a decentralized contracting structure whereby departments process contracts directly to the Board of Supervisors. Some departments only process a few contracts to the Board each year, while others process hundreds. This structure allows departments to prioritize their effort on contracts. However, it has resulted in an inconsistent level of contract development, review and administration.

The Procurement and Contracting Working Group researched various models for contract processes and recommends that the contracting process be modified with the establishment of a centralized contract management unit with delegated authority. The central CCU would:

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- Consult, coordinate and assist departments regarding RFPs & contracts for goods and services (excluding real estate leases and employment contracts).
- Develop County policy on contract management for Board approval.
- Develop a contracting procedures manual.
- Coordinate with County Counsel for contract language and ensure the use of the standard language in all contracts.
- Work with the Auditor/Controller-Recorder and Purchasing Department to develop monitoring tools to track contracts for inclusion in the Annual Procurement Report.
- Develop and implement a training program on contract planning, solicitation, negotiation, financing, and administration.

Further, the centralized CCU would develop a process to evaluate some departments that have experience with contract development and administration. The CCU would develop standards to be met by qualifying departments and a certification process that would allow them to process their contracts directly to the Board. Additionally, the CCU would develop a re-certification process to ensure that certified departments maintain a high standard of training and expertise.

In 1999, the Board approved 49 Requests for Proposal (RFPs). Following the Board's adoption of the competitive procurement policy, there were 118 RFPs approved in 2000. Further review of the Clerk of the Board's contract log reveals approximately 1,050 contracts and over 500 amendments are processed yearly. About 80% of the RFPs, contracts and amendments will be prepared and reviewed by the departmental certified contract units. The remainder will be reviewed through the CCU, in addition to their overall administrative duties.

REVIEW BY OTHERS: This item has been reviewed by County Counsel (Michelle Blakemore), the Procurement and Contracting Working Group, the Auditor/Controller-Recorder, Human Resources (Diane Ure) and the Purchasing Department.

FINANCIAL IMPACT: The FY 2000-01 amount of \$237,000 reflects half-year funding for the Chief of Contract Administration, five Staff Analysts II, and one Secretary I, plus equipment.

Next year's total appropriation for the entire central contract unit will be \$460,000. This includes the salaries and benefits costs of the seven requested positions, plus equipment and operational expenses.

SUPERVISORIAL DISTRICT(S): All

PRESENTER: Betsy Starbuck, Assistant Auditor/Controller-Recorder

WR:BBS:rlr